

TABLE 9. HEALTH CARE UTILIZATION AND EXPENDITURE IN SELECTED COUNTRIES, AROUND 1990

Country	Contacts with physicians per head	Bed-days per head	Expenditure as a percentage of GDP
Canada	6.9	1.5	9.5
France	7.2	1.5	8.8
Germany	11.5	2.3	8.3
Japan	12.9	—	6.7
United Kingdom	5.7	0.9	6.2
United States	5.5	0.9	12.2

EQUITY IN FINANCING

Has cost sharing led to a relatively greater burden of health care financing falling on lower-income households? Based on data from the 1980s, Switzerland and the United States were found to have the most regressive health financing systems out of ten OECD countries studied (201). This finding was attributed to their heavy reliance on both private health insurance and private out-of-pocket payments. The latter were found to be very regressive in these two countries because, in most instances, cost-sharing obligations apply irrespective of the patient's income.

The equity consequences of cost sharing in France are unclear, because there is no direct relationship between income and complementary insurance coverage. Employees in small firms and young people, as well as the unemployed, are less likely to have complementary insurance. This suggests that voluntary complementary insurance that cover the cost-sharing obligations of a national insurance system can lead to a disproportionate financial burden (and probably inequitable access as well) for those unable to purchase that coverage.

Evidence from Kyrgyzstan suggests that the mix of formal and informal charges to users of health services increased inequities in financing. The out-of-pocket costs of a single episode of illness could impose a substantial financial burden on many households. In 20% of cases, the total costs of an episode for an individual exceeded the monthly income of his or her entire household. Almost 50% of inpatients reported severe difficulties in finding the money to pay for their stay, and one third of them borrowed money to pay for their hospital charges. Capital items were often sold (farm animals in rural areas, consumer goods in urban areas) to raise the necessary money. Overall, there is evidence that the incidence of out-of-pocket payments for health is inequitable, i.e. it creates more of a burden for poorer households and individuals (197).

CONCLUSION

Cost sharing does not provide a very powerful policy tool, either for improving efficiency or for containing health sector costs. Because of the importance of providers in influencing the main drivers of health sector costs, policies that address the supply side of the market are likely to be much more powerful than those that act solely on the demand side. Cost sharing will reduce consumer initiated utilization, but such reductions will not be effective for cost-containment. This is because the main influence on health care costs is service intensity, which is provider driven.

The appropriateness and likely effects of cost sharing depend on the services to which it is applied, and on the broader context of the provider payment system. The use of cost sharing as a tool to limit demand is relevant only when applied to first-contact services. For (provider-initiated) referral services, cost sharing has little impact on utilization and is thus of little relevance in terms of efficiency. In systems in which providers are reimbursed retrospectively, reduc-

tions in consumer-initiated utilization caused by cost sharing will encourage providers to increase the volume of services per patient contact (i.e. service intensity) in order to maintain their incomes. In such systems, therefore, cost sharing does little to restrain cost growth because the available evidence suggests that providers can—and do—respond to a drop in consumer-initiated utilization by stimulating an increase in the use of diagnostic and therapeutical services. In systems where providers are prepaid, there are no obvious incentives for this response, but the effects of cost sharing are still likely to be marginal because supply-side incentives are enough to restrain growth in expenditure.

Without compensatory administrative procedures, cost sharing causes inequity in the financing and receipt of health services. Unless cost sharing is related to income, co-payments and co-insurance will impose a greater burden on the budgets of low-income households. Without specific measures to exempt low-income groups from out-of-pocket charges, access to care will depend on income levels. Evidence consistently shows that direct charges deter poorer people from using services to a greater degree than they deter the better-off. These limitations on access may result in adverse health effects for poorer and sicker groups of the population. To protect equity, therefore, measures are needed to compensate for the consequences of cost sharing on poorer members of society.

As a means of mobilizing revenue for the health services, direct charges to patients are not likely to generate substantial amounts without causing adverse consequences in terms of equity.

LITERACY IN AMERICA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 9, 1998

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 5, 1998 into the CONGRESSIONAL RECORD.

LITERACY IN AMERICA

In the course of a recent conversation I had with an older Hoosier woman, she acknowledged to me, with tears in her eyes, that she could not read. She told me she was unable to read the local newspaper, compute the numbers in the supermarket, write to her children, or read the Bible. I could scarcely imagine how a person could function in today's world without being literate. Yet many people do. More than one out of every five Americans cannot read or do simple math. That is a shocking figure with huge ramifications for the quality of life for many of our fellow citizens and for the country's economic and political well-being.

Defining literacy: In years past, literacy was simply defined as a person's ability to read and use printed materials at a very basic level. But the increasing complexity and change in today's society, along with the skills demanded of individuals, has led to a more comprehensive definition.

Today, the definition of literacy most widely used in the U.S. actually is not a single definition, but involves five different levels of proficiency. The lowest level of literacy, or Level 1, is marked by a difficulty in locating an intersection on a map, completing background information on a Social Security card application, or other rudi-

mentary tasks. The highest level, or Level 5, involves college-level reading and writing skills.

Literacy and employment: Over time, even as definitions and measures of literacy have changed, each was largely based on what is needed for gainful employment. As the workplace changes, what it means to be literate also changes. Today's workplace requires higher levels of critical reading, problem solving, and computer skills to ensure success. Our economy has become increasingly high-tech and demands higher literacy and technical skills for jobs like data processing, communications, and finance. A two-tiered workforce has evolved, one with the literacy skills needed for the old economy, and a second with advanced skills for the high-tech workplace. Such a two-tiered economy would leave a significant portion of workers behind, and present formidable challenges to the nation.

Literacy levels have real implications on salary levels. On average those in the highest level are paid over \$400 more per week than those in Level 1.

Trends in literacy: Since at least the 1980s, the literacy levels of Americans have continued to slump. Ten years ago one out of every five American adults age 16 and over could not read and write at the most basic levels. Today, the best estimate is that 23%, or 44 million adults, are at Level 1 literacy. In Indiana, an estimated 16% of adults are at Level 1, with the percentage slightly lower—about 14%—in the 21 counties of the Ninth District.

Low literacy levels contribute to many other problems. Of adults in the Level 1 category, 43% live in poverty. Some 75% of those on food stamps placed in the lowest two levels of literacy skills. People at Level 1 averaged 19 weeks of work per year compared to 44 weeks for Level 5. Also, seven out of ten people in correctional facilities performed in the lowest two levels.

Literacy programs: Help is available today for those with literacy needs, but often it is not received because many persons with low literacy levels feel they either do not have a problem or do not admit to such a problem. One successful way of breaking the cycle of poor literacy skills has been through local family literacy programs, which include four elements: adult education and employment skills, early childhood education, parent support groups, and opportunities for educational parent-child interaction. Studies show that these family programs enable children to read much better. These programs also are helpful for the whole family as 23% of families on public assistance become self-sufficient after successfully completing the program. These family programs increase motivation and self-esteem in adults, give people a chance to discuss and share concerns with their peers, and allow parents and children to develop skills in a positive and structured environment. Other literacy and education programs in workplaces and libraries, and for non-English speakers have been effective as well. Also, particularly effective are programs for the incarcerated. Re-arrest rates for prisoners are significantly lower if they participate in an education program while in prison. Unfortunately, the participation rate for such programs is low.

Congressional involvement: Although the majority of literacy initiatives are state and local, the federal government plays an important supporting role. Last year, Congress provided \$361 million for federal adult education and literacy programs. Most of these funds provide grants to states, support prison literacy programs, and underwrite literacy study and research initiatives. Last year, Indiana received over \$7 million in federal funding for literacy programs.

Conclusion: Currently much good work is being done to address literacy in America, but the challenges are formidable. The effort to improve the literacy of Americans should not be limited to formal government programs. In the home, parents must promote literacy skills for their children at an early age. In the schools, educators must promote the highest reading skills from students. In the workplace, employers should provide useful opportunities for workers to continually improve their basic skills.

Clearly, too many Americans are undereducated for our times. Education for all people must be a top priority in our nation. The more literate a person is the less likely he or she will depend on welfare or be in prison, and the more likely he or she will vote and have a decent income. Access to basic education is—or at least should be—a basic human right. Opportunities for literacy education should be available to all Americans to ensure not only improvement in our economy, society, and families, but an overall better quality of life. A literate nation means a better America.

A TRIBUTE TO GILBERTO WONG,
NICARAGUAN PATRIOT

HON. LINCOLN DIAZ-BALART

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 9, 1998

Mr. DIAZ-BALART. Mr. Speaker, I rise today to pay tribute to Mr. Gilberto Wong, a leader in the Nicaraguan exile community in south Florida who returned to Nicaragua to help his native country develop economically and consolidate its hard-fought democracy.

Educated in both Nicaragua and the United States, Mr. Wong earned degrees from the Instituto Pedagógico de Managua and Saint Edward's University in Austin, TX. Once he arrived to exile in Florida in 1979, Mr. Wong made a name for himself and quickly rose in the ranks of the financial community, becoming vice-president of a prestigious financial institution as well as president of the Nicaraguan American Bankers and Businessmen Association. The Wong family has deep roots in the south Florida community, and Gilberto's brother, Juan, is co-owner of Los Ranchos, an extremely popular chain of Nicaraguan steak houses in Miami-Dade County.

In the early 1990s, Mr. Gilberto Wong returned to his homeland to become general manager of the newly-founded Banco de la Exportación, headquartered in Managua. This bank opened in 1992, specializing in trade finance services, including letters of credit and collections. That same year, Mr. Wong was awarded the great honor of being named Nicaraguan-American banker of the year.

Based on his extensive experience in both the financial and trade arenas, in 1997 Mr. Wong was appointed executive secretary of the state-owned Corporation of Free Trade Zones of Nicaragua. These export-processing zones are among the major employers in Nicaragua, and they provide over 12,000 jobs, with close to three-fourths of the positions being filled by women.

Now that Mr. Wong's term has expired as general manager of the Corporation of Free Trade Zones, he has been named director of communications for Nicaragua's President, His Excellency the Honorable Arnoldo Aleman. Mr. Wong is active in numerous associations, in-

cluding the China-Nicaraguan Association, which he serves as president, the American Chamber of Commerce of Nicaragua, the Nicaraguan-American College and the Association of Friends of the National Police.

I have been honored to know the Wong family for almost twenty years and my friendship with Gilberto runs very deep, Mr. Speaker. It is with a great sense of privilege that I rise today to honor this great patriot, Gilberto Wong, and to congratulate him for the numerous and extraordinary accomplishments that he has already achieved despite his youth.

TRIBUTE TO ANGELO R. MUSTO,
JR.

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 9, 1998

Mr. KENNEDY of Massachusetts. Mr. Speaker, I rise today to pay tribute to one of East Boston's most beloved and dedicated public servants. Angelo R. Musto, Jr., who died on July 4, 1998, left an inspiring legacy of bettering the lives of all he knew throughout the Commonwealth of Massachusetts.

In more than eight decades on earth, there was no arena of community life neglected by Angelo Musto. Politics, social services, business development, youth programs—wherever there was a need, Angelo filled it. In his professional career, Angelo demonstrated the same spirit of selfless service, particularly in steering troubled youngsters towards a brighter future.

He began his career in the depths of the Great Depression with the National Youth Administration. He later became a counselor with the East Boston Camps and joined the Goodwill House in Jeffries Point, eventually rising to executive director in charge of a wide array of social, educational, and recreational services.

In recognition of his expertise, the late Governor John A. Volpe made Angelo a special assistant in the Boston Municipal Court in 1957 and later appointed him to the Massachusetts Advisory Committee on Corrections to help the criminal justice system mend broken lives more effectively. He was later appointed to the Suffolk County Courthouse Commission. In 1965, Angelo was appointed Deputy Commissioner of Probations and 13 years later rose to become First Deputy Commissioner.

Angelo actively worked with the East Boston Chamber of Commerce for over 40 years and received its Man of the Year Award in 1973. He also served on the boards of the United Fund, the Kiwanis, the Mental Health Area Board, the East Boston Savings Bank and the East Boston Social Centers. Among his many accomplishments, perhaps the most notable was the creation of the Goodwill House Day Program in Jeffries Point, which to this day serves as a national model for urban day camps.

Throughout his years of service, Angelo remained firmly committed to improving the lives of our youth. His work as the general director of the East Boston Camps and as a member of the East Boston Athletic Board helped give city kids a reprieve from the streets and taught them the values he embraced—discipline, compassion and strength of body and mind.

By the time I launched my first campaign for Congress in 1986, Angelo Musto had already cultivated the talents of three generations of East Boston's youth and drew on those far-reaching ties to create a formidable political presence in East Boston.

During that first campaign, he drew extensively on his detailed knowledge of the history of the community, reaching back to the arrival of the Kennedys in East Boston. Angelo knew the history, but most importantly he knew the people and the issues they cared about—quality health care, good schools, decent housing, access to college, and protection from outside forces that have long sought to sacrifice East Boston's quality of life to the airline industry.

The eager volunteers that fanned out across East Boston in 1986 quickly learned the rules of politics as taught by Angelo. I recall one incident in which one of the higher-profile members of my campaign team upbraided a volunteer in our East Boston headquarters. Angelo stepped in, and with the persuasive skill he had acquired through years of politicking, calmed the rising tension, gently rebuked the bigwig and at the same time made it clear that the Kennedy team in East Boston would never be a house divided.

Throughout the years that followed, Angelo Musto remained an invaluable member of my Congressional team. As my East Boston District Representative and 8th District Coordinator for Seniors from 1987 until his retirement in 1992, he served as a vital link to the community—attending meetings, fielding constituent calls, and working to fund worthy projects. His dedication to the comfort of East Boston's senior citizens resulted in such accomplishments as securing federal support to renovate the Don Orione Nursing Home.

With Angelo's passing, my heart goes out to his daughter Faith, his brothers Louis and Vincent, his sisters Lucille, Emma, and Theresa, and to his grandchildren George and Lisa.

The truth is, we were all a part of Angelo Musto's extended family, which reached across lines of age and party and profession to include the great sweep of those whose lives he touched and served.

ISSUES FACING YOUNG PEOPLE
TODAY

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 9, 1998

Mr. SANDERS. Mr. Speaker, I would like to have printed in the RECORD this statement by a high school student from my home state of Vermont, who was speaking at my recent town meeting on issues facing young people today. I am asking that you please insert this statement in the CONGRESSIONAL RECORD as I believe that the views of this young person will benefit my colleagues.

STATEMENT BY ABIGAIL NESSEN REGARDING
GUN CONTROL

Ms. NESSEN. I believe that our forefathers had the right idea. Their wish was to create a safe and free nation for all of us to live in, and they wrote this to prove it: "We the people of the United States, in order to form a more perfect union, establish justice, ensure domestic tranquillity, provide for the common defense, promote the general welfare,